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SUBJECT: MOFA PUSHES FOR ASIA-PACIFIC STATISTICAL NETWORK
AND HIGH LEVEL PARTICIPATION IN KICK-OFF CONFERENCE,
NOVEMBER 5-6

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¶1. (U) Please see last paragraph for possible action.

¶2. (SBU) Summary and Introduction: On October 6, MOFA called in selected embassies to promote GOJ's concept of an Asia-Pacific Economic Research Mechanism (APERM) and to encourage high level attendance at a kick off conference in Kyoto, November 5 - 7. While saying it would be up to the conference to define the proposal, MOFA outlined the concept as a network of government and private institutions in key countries of the region to develop and harmonize statistics relating to sustainable development. The statistics would cover both developed and developing participants and macro-economic statistics as well as social and environmental statistics. In doing so, it would add value to existing databases, MOFA believes. The data would be available to governments, international organizations (including APEC) academia and the private sector and APERM could become an APEC activity over time if members wished. MOFA invited Amb. Schieffer to the conference and listed U/S Sheeran, A/S Sullivan and Amb. to APEC Michalack as &proposed8 participants. Separately, MOFA DG for Economic Affairs explained to EMINS on October 10 that APERM was a modest proposal with a big objective: helping China develop more realistic statistics, which is essential for understanding potential bottlenecks to development of the region. We underlined to Ishikawa our continuing skepticism. End Summary and Introduction.

¶3. (SBU) The APERM meeting was chaired by Amb. Sawako Takeuchi, Special Advisor to the Minister (and former GOJ candidate for Secretary General of the OECD) and Deputy DG for Economic Affairs Kusaka. It was attended by representatives from Australia, Canada, India, Korea, Malaysia, Philippines, Singapore, U.S. (Ecouns) and the ADB. Indonesia,s and New Zealand,s flags were present, but they had no representatives attending.

¶4. (SBU) MOFA officials explained that the purpose of the Kyoto conference, which would be hosted by a MOFA Vice Minister, would be to discuss mechanisms for sharing statistical information important to governments, investors, business, international organizations and academia. The fifteen countries invited to the conference were chosen for

their geographical location, economic influence, and degree of interdependence and with a view to keeping the size manageable. MOFA has invited high-level participants from government and the private sector and provided a conference agenda, proposed participants list and other information (faxed to State/EAP/J).

¶ 15. (SBU) While noting that the conference would make its own conclusion, MOFA explained its proposal would be for the participants to endorse a three-year pilot project to be launched in April 2007. The project would be to create a &platform&8 for an information network among governments and the private sector in participating countries. In this sense it would be a "track one and a half&8 endeavor. The statistical network would be an international &public good&8 open to all parties. It would be run through contact points in each country, with some minimal maintenance work to be performed centrally. Participants would decide how often to meet but some meetings would be necessary to provide direction. The statistics would at first be macroeconomic, but later be extended to environmental and social, including energy and water demand/availability, to give a full picture of the sustainability and inter-relatedness of the region's development. Over the longer term the project would aim at statistical "harmonization", which would require some governmental involvement and go beyond that currently being done the UN framework, which is mostly macroeconomic. The GOJ plans to present this concept at the APEC Summit, but the level was not stated.

¶ 16. (SBU) Takeuchi and Kusaka were at pains to note that the MOFA proposal was a GOJ proposal, and to differentiate it from METI's proposal for an OECD-like regional think tank. They said METI's proposal was for the ASEAN plus 6 region and was meant to help the ASEAN secretariat with economic policy issues. MOFA's proposal was aimed at creating a

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comprehensive and standard base of statistics that could be used for policy formulation but could also be used by the private sector and to foster regional integration.

¶ 17. (SBU) Asked why not house the network in APEC, Kusaka noted that India was to be included in the statistics and it was not an APEC member. In addition several APEC economies did not have developed statistics or would not have a major impact on regional statistics. However, Kusaka allowed that after the trial period it would be possible to house the initiative in APEC and/or to expand to other economies as the members wanted. He also noted that in any case the statistics gathered would be available for and useful to APEC.

¶ 18. (SBU) Canada said it welcomed the conference and planned to attend. Other participants, except India and the ADB representatives, asked several questions, with Australia appearing the most forward leaning. Separately, MOFA officials stressed the high importance they attached to participation by the U.S.

¶ 19. (SBU) Separately, on October 10, MOFA DG for Economic Affairs, Kaoru Ishikawa, underscored to EMIN the importance the GOJ attaches to the initiative. He said he had hatched the idea over lunch with Takeuchi and the mechanism would fill a real void in the region. Responding to concerns raised by EMIN, Ishikawa said he regretted the way APERM was rolled out and the confusion created by what appeared to be a similar, if not almost competing, initiative launched by METI at about the same time. Ishikawa wanted APERM to be a "low profile" undertaking, divorced as best as possible from politics. The Kyoto conference and the APERM process, he said, is intended to "awaken" countries in the region, particularly China, to the importance of accurate, transparent economic data to development and to help them achieve such statistics.

¶ 10. (SBU) We understand that no one from Washington will be

attending the conference and, unless informed otherwise by October 20, will so inform MOFA. Unless instructed otherwise, embassy plans to keep the option of our attendance open at this time.

SCHIEFFER